



General Assembly

January Session, 2009

Amendment

LCO No. 5891

SB0071605891SD0

Offered by:
SEN. PRAGUE, 19th Dist.

To: Subst. Senate Bill No. 716

File No. 136

Cal. No. 164

**"AN ACT ELIMINATING THE REDUCTION OF BENEFITS PAYABLE
UNDER A LONG-TERM DISABILITY POLICY BY AMOUNTS
RECEIVED BY THE INSURED IN SOCIAL SECURITY PAYMENTS."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 38a-519 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective July 1, 2009*):

5 (a) No group health insurance policy [which] that provides
6 disability income protection coverage, delivered, [or] issued for
7 delivery, renewed, amended [or renewed,] or continued in this state,
8 [on or after January 1, 1976,] and no application, rider or endorsement
9 used in connection therewith shall contain an offset proviso. [No such
10 policy in effect on January 1, 1976, and no application, rider or
11 endorsement used in connection therewith shall after January 1, 1981,
12 contain an offset proviso.] For the purposes of this section, an "offset
13 proviso" means any provision of an insurance policy [which] that
14 allows the insurer to reduce [his] its liability for loss or expense from

15 sickness or from bodily injury of the insured by reason of any increase
16 in [the] other disability benefits that occur on or after the date a claim
17 commences under [any] such policy.

18 (b) (1) Each group long-term disability income protection coverage
19 policy that is delivered, issued for delivery, renewed or continued in
20 this state on or after January 1, 2010, and any application, rider or
21 endorsement used in connection therewith shall provide to an
22 applicant or a policyholder the option to choose long-term disability
23 income protection coverage that: (A) Prohibits the insurer from
24 reducing its liability for loss or expense from sickness or from bodily
25 injury of the insured by reason of disability benefits received by the
26 insured under the Social Security Act, as amended from time to time;
27 or (B) contains an offset for disability benefits received by the applicant
28 or insured under the Social Security Act, as amended from time to
29 time, provided the premium rate for such option reflects such offset.

30 (2) The insurer shall provide a written notice to an applicant or
31 policyholder that discloses the premium rates for each option set forth
32 in subparagraphs (A) and (B) of subdivision (1) of this subsection and
33 the effect of the offset on any benefits under such policy. The applicant
34 or policyholder shall acknowledge such applicant's or policyholder's
35 option selection to the insurer in writing.

36 (3) If a policyholder selects a group long-term disability income
37 protection coverage policy that contains an offset, the insurer and such
38 policyholder shall offer to its certificate holders the option of a rider to
39 provide a certificate holder long-term disability income protection
40 coverage equivalent to such policy without an offset. Such rider shall
41 be voluntary and the policyholder may require the certificate holder to
42 pay the entire cost of such rider.

43 (c) Any benefits received by any dependent of the applicant or
44 insured or received by such applicant or insured on behalf of such
45 dependent shall be excluded from the offset option set forth in
46 subdivision (1) of subsection (b) of this section.

47 (d) (1) No group long-term disability income protection coverage
48 policy shall be delivered, issued for delivery, renewed, amended or
49 continued in this state, nor shall any application, rider or endorsement
50 be used in connection with such policy, until a copy of the form thereof
51 and of the classification of risks and the premium rates for such
52 policies with and without an offset have been filed with the
53 commissioner. The commissioner shall adopt regulations, in
54 accordance with chapter 54, to establish a procedure for reviewing
55 such policies. The commissioner shall disapprove the use of such form
56 at any time if it does not comply with the requirements of law, or if it
57 contains a provision or provisions that are unfair or deceptive or which
58 encourage misrepresentation of the policy. The commissioner shall
59 notify, in writing, the insurer that has filed any such form of the
60 commissioner's disapproval, specifying the reasons for disapproval,
61 and ordering that no such insurer shall deliver or issue for delivery to
62 any person in this state a policy on or containing such form. The
63 provisions of section 38a-19 shall apply to such orders.

64 (2) No rate filed under the provisions of subdivision (1) of this
65 subsection shall be effective until the expiration of thirty days after it
66 has been filed or unless sooner approved by the commissioner in
67 accordance with regulations adopted pursuant to this subsection. The
68 commissioner shall adopt regulations, in accordance with chapter 54,
69 to prescribe standards to ensure that such rates shall not be excessive,
70 inadequate or unfairly discriminatory. The commissioner may
71 disapprove such rate within thirty days after it has been filed.

72 Sec. 2. (NEW) (*Effective July 1, 2009*) (a) Each individual long-term
73 disability income protection coverage policy that is delivered, issued
74 for delivery, renewed or continued in this state on or after January 1,
75 2010, and any application, rider or endorsement used in connection
76 therewith shall provide to an applicant or insured the option to choose
77 long-term disability income protection coverage that: (1) Prohibits the
78 insurer from reducing its liability for loss or expense from sickness or
79 from bodily injury of the insured by reason of any other disability
80 benefits received by the insured; or (2) contains an offset for disability

81 benefits received by the applicant or insured under the Social Security
82 Act, as amended from time to time, provided the premium rate for
83 such option reflects such offset.

84 (b) The insurer shall provide a written notice to an applicant or
85 insured that discloses the premium rates for each option set forth in
86 subdivisions (1) and (2) of subsection (a) of this section and the effect
87 of the offset on any benefits under such policy. The applicant or
88 insured shall acknowledge such applicant's or insured's option
89 selection to the insurer in writing.

90 (c) Any benefits received by any dependent of the applicant or
91 insured or received by such applicant or insured on behalf of such
92 dependent shall be excluded from the offset option set forth in
93 subdivision (2) of subsection (a) of this section.

94 (d) No individual long-term disability income protection coverage
95 policy shall be delivered, issued for delivery, renewed, amended or
96 continued in this state, nor shall any application, rider or endorsement
97 be used in connection with such policy, until a copy of the form thereof
98 and of the classification of risks and the premium rates for such
99 policies with and without an offset have been filed with and approved
100 by the commissioner in accordance with section 38a-481 of the general
101 statutes."

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2009	38a-519
Sec. 2	July 1, 2009	New section